

February 16, 1968

CONGRESSIONAL RECORD — SENATE

President says nothing about it in his message. A national crisis, ignored by the White House.

I am told by my friends in the legal profession that when arguing his case a good appellate lawyer goes for the jugular—a vivid way of describing an essential rule of action. The President instead of going for the jugular avoids even the opportunity to plead the American Indian's case. By his inaction, there is left little hope for Indian education, except in the Congress. The White House silence is our mandate.

HOW LONG, O, HOW LONG?

Mr. BYRD of West Virginia. Mr. President, Mr. Buck Martin, editor of the Martinsburg, W. Va., Journal, recently published a brief but thought-provoking editorial on the godlessness of recent Federal court decisions.

Recently, the U.S. Court of Appeals in Chicago ruled against this innocuous verse:

We thank you for the flowers so sweet
We thank you for the food we eat
We thank you for the birds that sing
We thank you for everything

Mr. Martin's editorial pointed out that verses such as this have been recited in American schools since colonial times.

And yet now—

He said—

we have judges who suddenly find all of this to be interfering with somebody's constitutional rights. These are the same judges who hand down decision after decision protecting the criminal and endangering the public safety. How long are the American people going to take this sort of behavior from the federal courts—

Mr. Martin asked.

I ask unanimous consent that this fine editorial from the Martinsburg Journal be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOW LONG, O, HOW LONG?

"We thank you for the flowers so sweet
"We thank you for the food we eat
"We thank you for the birds that sing
"We thank you for everything."

Although a critical poet might not go along with the meter of the above little verse, we can't see why anyone would object to having his child repeat it. Certainly, it is a pure and clean and nice thought.

The United States Court of Appeals in Chicago—backed up by the United States Supreme Court—has ruled, however, that the saying of such a verse is definitely religious and hence cannot be recited in a public school.

This public school was a kindergarten class where the teacher had chosen the verse for opening of the daily routine.

In justifying the decision, Judge Luther M. Swygert said: "The secular purposes of the verse were merely adjunctive and supplemental to its basic and primary purpose, which was a religious act of praising and thanking a deity."

This is just another example of how far our present-day federal courts are going in trying to make us a godless nation. Verses such as this have been said in public schools since colonial times and yet now we have judges who suddenly find all of this to be interfering with somebody's rights. These are the same judges who hand down decision

after decision protecting the criminal and endangering the public safety.

How long are the American people going to take this sort of behavior from the federal courts?

CAPITALIZING ON COMMUNISM

Mr. FULBRIGHT. Mr. President, Arnaud de Borchgrave, senior editor of Newsweek, has written a most informative article on the rapidly developing trade between Western and Eastern Europe. Entitled "Capitalizing on Communism," the article appeared in the December 25 issue of Newsweek.

Mr. de Borchgrave remarks that by selling Eastern Europeans sophisticated industrial equipment, and then providing them with the know-how to make this equipment work, "Western Europe has launched what, in many respects, amounts to a latter-day 'Marshall plan' for the East." He goes on to comment that as this process of economic development intensifies, Communist planners have been obligated to reexamine their economic structures and to modernize and liberalize their economic systems.

Mr. de Borchgrave observes that the United States has so far shown little initiative in carving out a place for itself in Eastern Europe, while Western European businessmen "have been quick to seek a foothold in what is the fastest-growing market for industrial goods in the world—the 350 million people who live under Communist rule from Berlin to Vladivostok."

I ask unanimous consent that the full text of the article mentioned above be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAPITALIZING ON COMMUNISM

(By Arnaud de Borchgrave)

"Russian government buys 60-percent interest in Belgian oil company," "Dutch concern building \$40 million hothouse complex for Bulgaria," "France's Schneider on schedule with Rumanian powerplant," "Czech government negotiating for license to build Franco-British computers for eastern market."

An optimist's vision of Wall Street Journal headlines for the year 2000? Not at all. Instead, these are descriptions of business deals currently in progress—deals of a kind that have become almost daily occurrences between the capitalist and Communist halves of Europe. After years of eyeing each other suspiciously across the gulf of ideological difference, the men who run Europe's factories have begun to discover a common language in trade. And in a way few people on either side of the Berlin wall yet understand, the decisions made in executive suites from Manchester to Novosibirsk are beginning to have a profound impact on the political life of the Continent.

That all this should come as a surprise to anyone is eloquent testimony to the suddenness with which East-West trade has burgeoned. In the last two years, for example, Italy's exports to East Europe have increased a staggering 46 per cent, while total East-West trade is surging ahead at a rate of some 20 per cent a year. Three years ago, there were 333 flights a week between the two halves of Europe; today, there are 800—and 1.5 million people are expected to make the trip in 1968. West European businessmen who used to complain about shoddy accommodation in the East will shortly be

able to spend the night at luxury hotels being built by a Pan American Airways subsidiary in Budapest, Bucharest and Prague. And in deference to their bourgeois visitors, more than 100 Communist hotels and restaurants now welcome a Diner's Club credit card.

Though goods are flowing in unprecedented quantities in both directions, it is, quite understandably, the more technologically advanced firms in the West that are writing most of the big orders. By selling the Communists the most sophisticated industrial equipment and then providing them with the knowhow to run it, Western Europe has launched what, in many respects, amounts to a latterday "Marshall plan" for the East. And inevitably, as this development process intensifies, Communist planners have been obliged to re-examine their economic structures. "The more they trade with us," remarked one Belgian businessman, "the more pressure they're under to modernize their economic system."

REFORMS

The effects of this pressure are by now clear. Already, Yugoslavia, Czechoslovakia, Bulgaria and Poland have instituted sweeping economic reforms, and Hungary and Rumania have made plans to follow suit. In most East European countries next year, plants that turn a profit will be allowed to keep up to 50 per cent of their foreign-exchange earnings to be used to make their products more competitive in both price and quality. And few Communist economists make any secret of the fact that the object of all this eventually to establish a market-oriented economy with a minimum of state controls. Says Dr. Otakar Pohl, the director-general of the Czech State Bank: "Both economically and politically, there is no other choice but to proceed with economic reforms to make our industry more efficient and to instill in it a spirit of enterprise."

By now, economic liberalization in the East has developed its own momentum and there is little the Communist Party's Nervous Nellies can do to slam on the brakes. As a result, ponderous state committees, padded with party hacks, are increasingly bypassed. There is a growing cleavage, too, between conventional Communist political wisdom and the dynamics of a modern technological society. "It is beyond dispute," declares Czech jurist Pavel Peska, "that economic reform needs an adequate political system to replace the old one." And although some Communist leaders are understandably concerned that their experiments with international trade will create serious dislocations in their domestic economies, many Europeans, Communists and non-Communists alike, are beginning to look forward to the day when all of Europe will function as a single trading unit, permitting a new and more rational division of labor between East and West.

IMPULSE

So far, the U.S. has shown little initiative in carving out a place for itself in this "new order." This strikes many Europeans as ironic since it was President Johnson who provided the prime impulse for the current boom in East-West trade when, last year, he endorsed the principle of "building bridges to the East." Says an official of Britain's Board of Trade: "Before that speech, Western Europeans were always looking over their shoulders to see if the U.S. was watching. Now, they charge ahead, ignore agreements to limit credits to five years and are totally unconcerned about U.S. reactions." Meantime, the U.S. Congress—bitterly divided by the struggle against Communism in Southeast Asia—has apparently shelved the President's new East-West trade relations bill for the duration of the Vietnamese war.

Making the most of the political advantage they enjoy because their nations are not involved in Vietnam, Western European businessmen have been quick to seek a foot-

February 16, 1968

hold in what is the fastest-growing market for industrial goods in the world—the 350 million people who live under Communist rule from Berlin to Vladivostok. While the U.S. still maintains prohibitively high barriers against trade with the East, the members of the Common Market have abolished import restrictions on hundreds of Eastern European products. The result is that West Europe's two-way trade with the East is now bearing the magic figure of \$10 billion a year.

The past eighteen months have seen a veritable cascade of "turnkey" operations for the delivery of complete plants, joint East-West ventures, partnerships and licensing agreements. Most commonly, Western firms supply the technological know-how and machinery, the Eastern partner provides site, plant and cheap labor, and risks and profits are split 50-50. All told, West European companies have completed or are now building some 150 plants throughout East Europe and Russia—and more contracts are on the way. For the first time, Eastern plants which are anxious to increase their export capacity are beginning to discuss management contracts with Western firms. And in the most astonishing development to date, Olivetti, which is already the Soviet Government's adviser on mechanization and automation of office procedures, is about to land a \$100 million to \$150 million contract for the modernization of the Soviet bureaucracy—a deal that will automatically make the Italian firm privy to Russia's corridors of power.

The trickle-down effect of all this on the Western European economy is immense. For example, the golden fallout from the \$890 million deal under which Italy's Fiat is building the Soviet Union a 730,000-car-a-year auto plant is settling all over Italy. Italian firms are getting \$322 million worth of orders to supply 4,000 of the 12,500 machine tools for the Fiat-built plant at Togliattigrad. Pirelli is building six factories in the Soviet Union that will manufacture everything from rubber components for the Fiat-designed TAZ car to latex swimsuits. Olivetti will computerize the plant and Innocenti will make \$50 million worth of U.S.-designed presses.

SWAP

The picture in other countries in Western Europe is the same. Britain's ICI, the largest chemical company in West Europe, has negotiated what, in effect, is an exchange of advanced technological know-how for Soviet pure research—a deal made possible because Russia is now willing to pay for patents and is anxious to sell its own overseas. Czechoslovakia has paid \$9 million for a license to build Renault cars and plans to use the French firm's worldwide facilities to service export models. And recently, Air France became the first Western carrier to lease Soviet IL-62 jetliners.

How long East-West trade can continue to grow at the present rate no one really knows. The Eastern nations have long shopping lists; Rumania alone is currently placing orders for almost \$300 million in plant and equipment, including steel strip mills, newsprint plants, nitrogen fertilizer factories and a nuclear power plant. But at the same time the East is increasingly falling short on means of payment. At first, barter arrangements were accepted to get trade rolling. But now such deals are the exception rather than the rule. Instead, Western credit terms are growing ever more generous. France which once limited itself to seven-year credits at 6 per cent now gives eight-and-half years at 5.5 per cent. And since repayment only starts when the goods are actually delivered, the true credit period, in effect, is frequently ten years.

CREDIT

Some experts, moreover, believe that if East-West trade is to continue to grow, credit

will have to be stretched to the point where it will be tantamount to a West European aid program. This is the view of Vladimir Velebit, a Yugoslav who formerly headed the U.N.'s Economic Commission for Europe, an organization devoted to the promotion of East-West trade. Says Velebit: "The East must increase its export earnings and this can only be done with more flexible Western credit policies. After all, the East European nations have proved themselves conscientious debtors. Not one has ever defaulted on a payment. They have always paid on time and with such a good record they obviously deserve to be treated more generously."

Neither the IMF nor the World Bank has ever done a survey of the Eastern countries' economic potential and credit-worthiness. But Velebit believes Hungary, Czechoslovakia and Poland would readily agree to such a study. "Most of their reforms are designed to develop a dynamic export drive," he says. "But first they must go in for marketing research in a big way. Then they must concentrate on better quality, better design, better after-sales service. The Russians, for example, have done well with cameras and their watches are up to Swiss standards. They are very advanced in mining machinery and drilling equipment. But on many items they are still a generation behind in design and reliability."

Velebit also believes that the enterprises of the future, East and West, will develop along the same lines; whether state-operated, state-owned or privately owned, they will all be run by products of the managerial revolution. "Renault in France belongs to the state just as Skoda does in Czechoslovakia," Velebit notes, "and both are run by rightly educated technocrats on salary."

DANGER

Velebit also foresees another similarity between the Eastern state trusts and the leading Western corporations: all will be gigantic. In Bulgaria, 40 state trusts employ some 600,000 people and supply 35 per cent of the country's production. Rodopa, the huge Bulgarian agricultural trust, is a state within a state, running its own transport network and stores and dealing directly with its foreign customers. "Eastern Europe's cartels," says Velebit, "are the equivalent of your mergers. You're all getting bigger and they are, too." (Curiously, Eastern economists now seem almost as concerned as their Western counterparts about the danger of throttling competition. "Trusts which are economically independent," one Rumanian economist has written, "can only be allowed in a socialist economy to the extent that they do not become monopolies and do not appreciably curtail competitive forces.")

By American standards, of course, the Communist world is no trading El Dorado. But the odds seem great that it will be one day and that, when that day comes, the Western Europeans will have already occupied the ground floor.

SALES SURGE TO THE EAST—WESTERN EUROPE'S BURGEONING TRADE WITH THE COMMUNIST BLOC

[Western exports to Eastern Europe (Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.). In millions of U.S. dollars]

	1961	1962	1963	1964	1965	1966
Austria	176	187	197	215	246	260
Belgium-Luxembourg	93	94	83	85	110	120
France	240	270	230	359	302	387
Greece	52	50	57	64	75	93
Italy	216	235	265	274	330	357
Netherlands	77	77	72	75	104	116
Spain	15	16	26	18	24	57
Sweden	114	153	133	139	155	164
Switzerland	66	58	64	85	84	112
United Kingdom	295	310	345	280	315	410
United States	135	125	165	340	140	198
West Germany	473	505	438	552	588	696

WALL STREET JOURNAL BACKS DISTRICT PLAN FOR ELECTORAL COLLEGE REFORM

Mr. MUNDT. Mr. President, there has been considerable speculation in editorials and political columns recently on the role the electoral college may play in electing the next President of the United States.

The Wall Street Journal of February 13, 1968, placed the problem in its proper perspective and in addition endorsed the district plan for electoral college reform. The district plan as embodied in Senate Joint Resolution 12 would elect electors from existing congressional districts, or from separately drawn districts that are compact and contiguous in nature as well as being equal in population. In addition two electors, corresponding to the two electoral votes allocated to each State for its two Senators, would be elected statewide.

As the Wall Street Journal points out, this system provides most of the benefits of the direct ballot but does not have the drawbacks of a direct election plan. Specifically, the editorial mentioned that a direct popular election could weaken our traditional two-party system by scattering votes among several candidates. Implicitly, it indicated that a direct election plan could never be adopted because it seems to many Americans to constitute too radical a change. I believe this is true. Serious doubt exists as to whether the necessary numbers of States, particularly small States, would ever ratify a constitutional amendment calling for a direct popular election.

Mr. President, there are many more reasons why a direct election plan is not the best alternative for the present unit vote system, including the threat of Federal control of elections and the reneging on a promise made to the smaller States when the Constitution was adopted. The fact remains, however, that a reform of the electoral college is overdue. It should have been taken up in the past so that the specter of a third party candidate throwing the upcoming election into the House of Representatives would not be hanging over us at this time.

It is too late to cry over spilt milk but action should be taken now, while the reform movement is riding high, to prevent these problems in the future. Adoption of the district plan of electoral college reform would prevent these problems and I hope that the Congress will soon have an opportunity to vote on Senate Joint Resolution 12.

Mr. President, I ask unanimous consent that the Wall Street Journal editorial be included in the Record at this time.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Feb. 13, 1968]
REVIEW AND OUTLOOK: A REMINDER FROM MR. WALLACE

For more than a century there has been talk of reforming the U.S. system of electing a President, and now George Wallace's announcement of his third-party candidacy should help spur the nation to action.

Not even the former Alabama governor really believes he has any chance of achieving